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Financial Review
September 11, 2025

First Look: Six-Month 2025 US Property/Casualty Financial Results

Net income was impacted by a large realized capital gain in the prior-year period

AM Best's First Look report provides early insight into the current financial state of the US property/casualty industry. The data in this report are from companies whose six-month 2025 interim period statutory statements were received as of August 26, 2025. These companies account for an estimated 96% of total industry net premiums written and 95% of policyholder surplus.

The US P/C industry recorded a \$11.2 billion net underwriting gain in the first six months of 2025, up from a \$2.9 billion gain recorded in the prior-year period. Growth of 7.5% in net earned premiums offset a 5.3% increase in incurred losses and loss adjustment expenses (LAE) and a 6.7% rise in other underwriting expenses. The increase in losses is largely attributable to the destructive January 2025 California wildfires.

The industry's combined ratio improved to 96.4 from 97.8 for the same period in 2024. AM Best estimates that catastrophe losses accounted for 10.9 points on the six-month 2025 combined ratio, up from an estimated 8.8 points in the prior year. Excluding \$12.9 billion of favorable reserve development during the first six months of 2025, the industry's accident year combined ratio was 99.2.

A 5.8% increase in earned net investment income aided the underwriting gain, boosting pre-tax operating income by 23.7%, to \$53.8 billion. An 88.4% reduction in net realized capital gains (driven primarily by a \$47.5 billion decline at National Indemnity Company) contributed to the industry's net income declining 46.4% from the prior year to \$50.3 billion.

Industry surplus increased 4.1% from the end of 2024 to \$1.1 trillion, as a combined \$57.6 billion of net income, change in unrealized gains, and other surplus gains was reduced by \$13.1 billion of stockholder dividends.

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Exhibit 1

US Property/Casualty – 6-Month Financial Indicators and Combined Ratio Components, 2024/2025

(\$ billions)

Financial Indicators	6 Months 2024	6 Months 2025	Year/Year % Change
Net Premiums Written	448.8	475.8	6.0
Net Premiums Earned	422.9	454.7	7.5
Losses & LAE	307.3	323.5	5.3
Underwriting Expenses	111.2	118.6	6.7
Policyholder Dividends	1.4	1.3	-8.8
Underwriting Income/(Loss)	2.9	11.2	284.0
Net Investment Income	39.7	42.0	5.8
Pretax Operating Income/(Loss)	43.5	53.8	23.7
Realized Capital Gains/(Losses)	58.2	6.7	-88.4
Federal Income Taxes	7.7	10.2	31.6
Net Income	94.0	50.3	-46.4

Combined Ratio Components			Year/Year Change (Points)
Pure Loss Ratio	63.3	62.1	-1.2
Loss Adjustment Expense (LAE) Ratio	9.3	9.0	-0.3
Loss & LAE Ratio	72.7	71.2	-1.5
Underwriting Expense Ratio	24.8	24.9	0.2
Policyholder Dividend Ratio	0.3	0.3	-0.1
Combined Ratio (Reported)	97.8	96.4	-1.4
Less: Accident Year Catastrophe Losses (Points) ¹	8.8	10.9	2.1
Less: A&E Losses (Points)	0.1	0.1	0.0
CORE Adverse/(Favorable) Development (Points)	-1.9	-2.9	-1.1
Combined Ratio (Normalized)	88.8	85.3	-3.5
Accident-Year Combined Ratio (Reported)	99.6	99.2	-0.4
Accident-Year Combined Ratio (Normalized)	90.7	88.3	-2.4

Note: Figures may not add due to rounding.

¹ A Catastrophe loss is defined as an industry event that causes \$25 million or more in insured losses.

Data as of August 26, 2025.

Source: AM Best data and research

Exhibit 2

US Property/Casualty – Policyholders' Surplus, 2024/2025

(\$ billions)

	6 Months 2024	6 Months 2025	Year/Year % Change
Prior Year End Policyholders' Surplus	1,002.2	1,071.4	6.9
Net Income	94.0	50.3	-46.4
Unrealized Capital Gains/(Losses)	-22.0	4.8	NM
Contributed Capital	1.3	-0.7	-153.8
Stockholder Dividends	-12.2	-13.1	8.0
Other Changes	-2.4	2.5	NM
Ending Policyholders' Surplus	1,061.0	1,115.2	5.1
Change in PHS from Prior Year End (\$)	58.8	43.8	
Change in PHS from Prior Year End (%)	5.9	4.1	
After Tax Return on Surplus (ROE)	8.9	4.5	

Note: Figures may not add due to rounding.

Data as of August 26, 2025.

Source: AM Best data and research

Appendix 1

Income Statement

(\$ thousands)

	Financial Results					
	6 Months 2021	6 Months 2022	6 Months 2023	6 Months 2024	12 Months 2024	6 Months 2025
Direct Premiums Written	376,031,710	413,605,990	456,179,357	503,347,543	1,010,603,060	533,824,599
Assumed	314,715,976	356,332,396	420,679,241	412,046,751	827,114,311	438,909,656
Ceded	356,715,924	399,956,056	464,721,141	466,581,021	939,630,164	496,934,311
Net Premiums Written	334,031,763	369,982,330	412,137,456	448,813,272	898,087,207	475,799,945
Change in Unearned Premiums:	-17,107,975	-23,054,091	-27,741,560	-25,904,011	-28,743,827	-21,133,584
Premiums Earned	316,923,788	346,928,239	384,395,896	422,909,262	869,343,380	454,666,360
Losses Incurred	188,579,638	222,158,259	265,981,224	267,911,453	535,568,557	282,403,532
Loss Adjustment Expenses Incurred	31,811,014	33,851,985	38,154,878	39,437,803	80,601,169	41,100,772
Other Underwriting Expenses Incurred	88,913,081	95,583,205	102,766,845	111,218,666	225,306,651	118,646,886
Dividends to Policyholders	2,163,105	1,592,101	1,412,883	1,418,690	3,872,674	1,293,386
Net Underwriting Income	5,456,949	-6,257,312	-23,919,934	2,922,650	23,994,329	11,221,784
Net Investment Income Earned	25,881,719	35,657,545	31,879,787	39,666,416	83,551,378	41,964,327
Other Income	1,339,984	880,090	295,993	901,056	1,119,873	599,335
Pre-tax Operating Income	32,678,652	30,280,323	8,255,846	43,490,122	108,665,581	53,785,446
Pre-tax ROR (POI/NPE)	10.3	8.7	2.1	10.3	12.5	11.8
Net Realized Capital Gains (Losses)	8,976,473	4,110,553	2,370,406	58,214,427	79,017,496	6,725,877
Federal and Foreign Income Taxes Incurred	4,826,238	3,458,513	2,785,734	7,722,943	19,070,830	10,162,654
Net Income	36,828,887	30,932,363	7,840,517	93,981,605	168,612,247	50,348,669
Change in Surplus:						
Beginning Surplus	888,538,759	1,009,762,410	944,289,777	1,002,229,625	1,002,731,897	1,071,429,529
Net Income / Loss	36,828,887	30,932,363	7,840,517	93,981,605	168,612,247	50,348,669
Change in Unrealized Gains (Losses)	42,602,741	-104,950,815	63,463,588	-21,998,194	-11,747,679	4,769,165
Other Surplus Gains / Losses	-5,066,971	7,709,267	905,876	-2,378,031	-4,494,869	2,516,822
Contributed Capital	2,814,453	2,656,049	1,017,141	1,310,993	3,059,839	-705,459
Stockholder Dividends	-13,742,714	-14,505,151	-9,872,605	-12,152,033	-85,505,052	-13,127,586
Change in Surplus	63,436,396	-78,158,287	63,354,517	58,764,341	69,924,487	43,801,610
Ending Surplus	951,975,155	931,604,123	1,007,644,294	1,060,993,965	1,072,656,384	1,115,231,139
After Tax ROE (Net Income/PHS)	3.9	3.3	0.8	8.9	15.7	4.5
Annualized NPW to PHS	0.7	0.8	0.8	0.8	0.8	0.9

Balance Sheet

(\$ thousands)

	6 Months 2021	6 Months 2022	6 Months 2023	6 Months 2024	12 Months 2024	6 Months 2025
Bonds	1,088,258,883	1,136,541,719	1,183,089,919	1,267,675,020	1,317,724,774	1,365,932,197
Preferred and Common Stock*	579,679,721	573,902,504	637,916,651	599,054,942	601,669,364	599,096,110
Cash & ST Investments	139,812,730	105,746,492	147,528,807	270,324,698	267,352,371	276,037,839
Other Invested Assets	213,817,679	229,328,941	239,159,698	212,399,573	208,888,274	227,541,324
Total Invested Assets	2,021,569,012	2,045,519,655	2,207,695,076	2,349,454,232	2,395,634,783	2,468,607,470
All Other Assets	364,830,355	430,881,722	488,638,827	505,851,893	478,435,396	524,892,201
Total Assets	2,386,399,368	2,476,401,377	2,696,333,902	2,855,306,125	2,874,070,179	2,993,499,671
Loss Reserves	587,574,284	640,438,719	700,012,720	754,470,310	772,606,295	805,701,401
LAE Reserves	122,169,195	127,932,937	134,998,419	143,219,890	147,843,542	151,497,248
Total Loss and LAE Reserves	709,743,479	768,371,655	835,011,138	897,690,200	920,449,837	957,198,650
Unearned Premiums	305,718,365	322,249,040	354,598,742	387,685,196	390,872,816	412,033,340
All Other Liabilities	418,962,369	454,176,559	499,079,728	508,936,764	490,091,142	509,036,543
Total Liabilities	1,434,424,213	1,544,797,255	1,688,689,608	1,794,312,160	1,801,413,795	1,878,268,532
Total Capital and Surplus	951,975,155	931,604,123	1,007,644,294	1,060,993,965	1,072,656,384	1,115,231,139
Total Liabilities and Surplus	2,386,399,368	2,476,401,377	2,696,333,902	2,855,306,125	2,874,070,179	2,993,499,671

*All 6mo 2025 asset elimination applied to stock holdings

Data as of August 26, 2025.

Source: AM Best data and research

Appendix 2

Statement of Cash Flows

(\$ thousands)

	Financial Results					
	6 Months 2021	6 Months 2022	6 Months 2023	6 Months 2024	12 Months 2024	6 Months 2025
Net Cash From Operations	58,524,015	43,363,229	38,065,114	74,111,550	157,509,766	75,075,973
Net Cash From Investments	-39,980,386	-76,213,072	-21,676,039	32,941,925	20,152,025	-50,883,888
Net Cash From Financing/Miscellaneous	-9,295,180	-7,690,663	-9,331,009	-13,251,123	-87,007,396	-15,518,300
Net Cash Flow	9,248,450	-40,540,505	7,058,066	93,802,352	90,654,395	8,673,785
Beginning Cash & ST Investments	130,564,280	146,286,997	140,470,741	176,522,346	176,697,976	267,364,054
Ending Cash & ST Investments	139,812,730	105,746,492	147,528,807	270,324,698	267,352,371	276,037,839

Ratios

	6 Months 2021	6 Months 2022	6 Months 2023	6 Months 2024	12 Months 2024	6 Months 2025
Net Catastrophe Losses	22,873,348	19,919,835	38,230,419	37,359,796	76,300,916	49,650,140
Asbestos Incurred Losses	325,800	273,000	326,700	318,000	1,060,000	312,000
Environmental Incurred Losses	140,700	178,500	168,900	160,500	535,000	156,000
A&E Incurred Losses	466,500	451,500	495,600	478,500	1,595,000	468,000
Loss Reserve Development	-9,660,678	-6,583,127	-1,507,752	-7,480,667	-6,121,729	-12,876,642
Loss Reserve Development - NON A&E (CORE)	-10,127,178	-7,034,627	-2,003,352	-7,959,167	-7,716,729	-13,344,642
Loss Reserve Development to NPE - TOTAL	-3.0	-1.9	-0.4	-1.8	-0.7	-2.8
CORE Loss Reserve Development to NPE - (NON A&E)	-3.2	-2.0	-0.5	-1.9	-0.9	-2.9
Combined Ratio (Reported)	96.8	100.1	104.4	97.8	96.4	96.4
Less: Catastrophe Losses	7.2	5.7	9.9	8.8	8.8	10.9
Less: A&E Losses	0.1	0.1	0.1	0.1	0.2	0.1
Combined Ratio CY (Normalized)	89.5	94.2	94.3	88.8	87.5	85.3
CY Combined Ratio (Reported)	96.8	100.1	104.4	97.8	96.4	96.4
Less: Loss Reserve Development	-3.0	-1.9	-0.4	-1.8	-0.7	-2.8
AY Combined Ratio (Reported)	99.9	102.0	104.8	99.6	97.1	99.2
CY Combined Ratio (Normalized)	89.5	94.2	94.3	88.8	87.5	85.3
Less: CORE Loss Reserve Development	-3.2	-2.0	-0.5	-1.9	-0.9	-2.9
AY Combined Ratio (Normalized)	92.7	96.2	94.9	90.7	88.3	88.3
CY Loss & LAE Ratio (Reported)	69.5	73.8	79.1	72.7	70.9	71.2
Less: Loss Reserve Development	-3.0	-1.9	-0.4	-1.8	-0.7	-2.8
AY Loss & LAE Ratio (Reported)	72.6	75.7	79.5	74.4	71.6	74.0
Less: Catastrophe Losses	7.2	5.7	9.9	8.8	8.8	10.9
AY Loss and LAE Ratio (Normalized)	65.4	69.9	69.6	65.6	62.8	63.1

Data as of August 26, 2025.

Source: AM Best data and research

Appendix 3

Direct Premiums Written by Line of Business

(\$ thousands)

	Financial Results					
	6 Months 2021	6 Months 2022	6 Months 2023	6 Months 2024	12 Months 2024	6 Months 2025
Fire	8,849,640	10,221,365	13,596,399	15,672,190	29,932,113	16,495,564
Allied Lines	19,264,294	12,379,043	12,956,050	14,116,983	26,587,721	13,918,255
Multiple Peril Crop	0	8,632,740	11,273,559	9,624,422	17,411,794	10,188,344
Federal Flood	0	1,336,743	1,447,089	1,583,152	3,346,057	1,698,483
Private Crop	0	483,675	573,338	496,114	1,478,928	501,159
Private Flood	0	599,875	699,444	708,555	1,276,550	587,046
Farmowners Multiple Peril	2,467,371	2,666,616	2,923,300	3,305,618	6,296,837	3,680,413
Homeowners Multiple Peril	52,136,628	58,029,158	65,638,261	74,365,183	156,263,482	82,584,640
Commercial Multiple Peril	24,091,035	26,803,880	0	0	0	0
Commercial Multiple Peril Non-Liability	0	0	20,087,248	22,302,974	43,888,545	23,147,111
Commercial Multiple Peril Liability	0	0	10,301,885	10,762,239	21,065,179	11,180,663
Mortgage Guaranty	1,500,495	1,464,072	1,490,226	1,524,552	3,067,741	1,549,392
Ocean Marine	2,382,152	2,704,324	2,846,236	3,024,844	5,560,220	2,994,077
Inland Marine	14,001,142	16,407,414	17,648,059	17,140,155	34,397,220	18,056,133
Pet Insurance	0	0	0	795,782	3,278,853	917,146
Financial Guaranty	1,749	2,440	1,066	4,432	48,962	33,455
Med Professional Liability - Occurrence	1,087,210	1,072,198	1,143,452	1,214,151	2,488,219	1,286,496
Med Professional Liability - Claims Made	3,384,069	3,543,205	3,685,787	3,900,568	8,027,034	4,086,272
Earthquake	2,374,638	2,550,823	3,084,753	3,204,433	6,312,684	2,977,750
Group Accident & Health	2,377,538	0	0	0	0	0
Comprehensive Individual	0	47,956	7,487	6,972	11,269	6,696
Comprehensive Group	0	1,793,458	1,410,399	1,162,330	1,207,880	493,007
Credit Accident & Health	86,185	93,334	98,949	103,993	209,177	104,372
Other Accident & Health	1,102,149	0	0	0	0	0
Vision	0	9,595	9,360	9,395	18,926	4,264
Dental	0	20,473	19,982	20,124	40,185	19,890
Disability	0	127,166	132,233	118,064	192,299	114,558
Medicare Supplement	0	188,880	190,837	248,209	524,725	303,354
Medicaid Title XIX	0	10,559	856	0	0	0
Medicare Title XVIII	0	0	0	0	0	0
Long Term Care	0	494,830	333,971	322,783	618,401	312,085
Federal Employees Health	0	0	0	0	0	0
Other Health	0	1,115,717	1,898,709	2,307,567	5,750,308	3,533,462
Workers' Compensation	25,642,535	28,180,740	29,485,936	29,006,940	54,442,414	28,520,614
Other Liab - Occurrence	30,606,461	34,920,810	37,067,056	41,394,417	82,430,477	46,024,320
Other Liab - Claims Made	17,408,099	19,819,551	18,575,431	18,362,849	39,149,431	18,642,772
Excess Workers Comp	585,106	638,073	640,954	670,341	1,223,547	665,201
Product Liab - Occurrence	1,664,643	1,985,953	2,178,583	2,379,011	4,636,828	2,498,230
Product Liab - Claims Made	406,014	438,296	425,180	425,197	886,885	469,999
Private Passenger Auto Liability	74,777,482	0	0	0	0	0
Private Passenger Auto No Fault	0	12,979,700	13,414,946	14,422,044	17,878,561	8,917,029
Other Private Passenger Auto Liability	0	63,895,662	71,748,037	82,135,525	176,970,308	93,522,251
Commercial Auto Liability	20,347,005	0	0	0	0	0
Commercial Auto No Fault	0	1,418,452	583,334	664,981	1,126,818	640,221
Other Commercial Auto Liability	0	21,870,402	23,736,247	26,619,057	53,037,073	29,713,499
Auto Physical Damage	59,073,921	0	0	0	0	0
Private Passenger Auto Physical Damage	0	56,624,715	65,172,416	76,979,417	155,617,381	79,507,803
Commercial Auto Physical Damage	0	6,559,988	7,410,152	8,247,336	16,149,454	8,632,004
Aircraft (all perils)	1,046,894	1,143,946	1,234,428	1,292,419	3,031,679	1,291,919
Fidelity	662,974	712,262	715,103	724,785	1,461,836	704,324
Surety	3,591,596	4,225,785	4,690,974	5,228,601	10,600,391	5,754,575
Burglary & Theft	219,097	269,451	280,714	295,993	623,961	316,980
Boiler & Machinery	1,128,352	1,228,571	1,415,658	1,442,348	3,051,407	1,481,200
Credit	1,093,683	1,180,743	1,336,791	1,428,008	3,107,843	1,714,052
International	22,946	17,313	14,177	14,581	35,680	17,445
Warranty	2,004,564	2,005,300	1,831,636	1,912,654	3,848,717	2,088,689
Aggregate Write-Ins	643,997	679,431	708,477	883,922	1,991,061	1,040,496
TOTAL	376,031,666	413,594,687	456,165,162	502,576,207	1,010,603,060	532,937,711

Data as of August 26, 2025.

Source: AM Best data and research

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BEST'S SPECIAL REPORT

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